

Appropriations Summary

FULL TIME EQUIVALENT EMPLOYEES	11.4700	11.4700	11.9200	11.6625	11.6625
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Employee Assistance Programs [240-2610]

ACTIVITY DESCRIPTION

This fund supports various employee financial assistance programs. The FY 16-18 Biennial budget includes funding for the employee computer loan program. Through this program, an employee may borrow up to \$2,000 to purchase a computer system for home use. The employee repays the City through payroll deductions.

FY 15-16 ACCOMPLISHMENTS

- Distributed roughly \$20,000 in loans for employee home computer purchase
- Collected an estimated \$24,000 in loan repayments

ACTIVITY GOALS

FY 16-17 and 17-18

- Promote the availability of home computer loans for employees
- Target first time loan applicants

COUNCIL GOALS

- Fostering a positive organizational culture

FINANCIAL COMMENT

The computer loan program is a revolving loan fund with new loans being distributed from the existing loan payments. The program focuses on first time borrowers.

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Information Services [730-2520]

DIVISION DESCRIPTION

Information Services' goal is to add value to the City of Morgan Hill business processes by managing information assets so that departments can concentrate on their business while providing quality customer service.

This activity manages information technology planning and technical support for all City operations and includes the new Technology and Telecommunications components for the General Plan Project and Emergency Operations. Equipment supported includes approximately 242 personal computers and laptops, 33 virtual servers, 14 physical servers, one storage area network (SAN), and the six Network-Attached Storage (NAS) devices required to sustain the City's 10 local and wide area networks, electronic mail, internet access, database administration, and remote access to City information.

Information Services will be replacing the virtual server and SAN infrastructure purchased in 2009 as it reaches the end of its useful life. This is part of our 7 year replacement cycle for server and storage devices with the SAN reaching end of life support in 2017. Server and storage replacement was originally split across multiple fiscal years but all phases have been brought together into one project to take advantage of new technology that combines server and storage into a framework that is easily expanded by smaller units that will allow us to add just what is needed for the next year while being able to take advantage of opportunity projects that may require smaller incremental infrastructure expansion without the large price tag and labor investment found in expanding traditional storage and servers.

This framework will also be used for deploying Virtual Desktops. By moving to Virtual Desktops, we will be able to upgrade desktops to Windows 10, take advantage of centralized energy efficient servers to provide access to the applications and information used in the City business processes, extend the useful lifespan of current workstations, allow for low cost replacements, reduce administration and support costs, and provide greater flexibility and mobility accessing the City information resources.

Information Services will be performing upgrades to Microsoft Exchange and Microsoft Office to Microsoft's cloud-based Office 365. Phase one will move our no longer supported Exchange 2003 environment to the cloud-based Exchange Online and provide larger mailboxes, centralized record discovery, greater mobile access to email, and support for a more comprehensive email policy. Exchange Online is a component of the Office 365 Government Enterprise cloud offering and changes email costs (and later Microsoft Office licensing) to an ongoing operational expense rather than a one-time capital cost. This move to the cloud also allows the server and SAN infrastructure upgrade to be smaller, and provides a more cost effective entry framework by being able to maintain the same size we currently have while supporting more services. Phase 2 will start in July 2017 by upgrading the current Microsoft Office 2007 to Microsoft Office 365 Government Enterprise with the latest version of Microsoft Office Suite and provides additional cloud storage and collaboration services.

During this fiscal period we will also replace 6 servers to finish our server upgrade project, finish upgrading our Active Directory to the latest version, add secondary storage for the retention of security camera video, complete the addition of redundant power to the Police Department server and dispatch rooms, and start the planning process for changes to the data connections between City buildings.

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- Implemented strong password policies for the entire organization
- Developed and implemented new support policies and procedures and helpdesk system
- Worked with the Police Department to upgrade phone system to Hosted Voice Over Internet Protocol (VOIP)
- Worked with the Police Department to upgrade 911 system
- Implemented Hosted VOIP telephone system in Council Chamber
- Automated Public Works timecard system reporting and integrated update process with EDEN payroll system
- Updated the CIP budget document process

FY 16-17

- Upgrade the Exchange 2003 locally hosted email system to Exchange Online cloud based email and prepare for upgrading Microsoft Office 2007 to Microsoft Office 365 Government Enterprise cloud solution
- Upgrade of the remaining 6 legacy servers to Windows 2008 R2 or Windows 2012
- Addition of video storage for existing security camera digital video recorders (DVR's)
- Implementation of Virtual Desktops
- Continue to work with departments on developing enhanced reports with automated distribution using Microsoft Reporting Services
- Replace servers and enterprise SAN to meet current and future data infrastructure needs
- Compete for the **MISAC Quality in IT Practices Award**

FY 17-18

- Update Microsoft Office 2007 to Office 365 Government Enterprise cloud solution
- Inter-campus telecommunications planning for connectivity between City office locations

Enhancing public safety

- Virtual desktops, Exchange Online, and Office 365 cloud solutions provide resiliency and greater mobile access for City communication and data resources
- Expanded video storage capacity supports longer retention periods, higher quality security cameras, and more camera coverage

Protecting the environment

- Cloud based services provide reduced local hardware and consolidate resources to be more efficient and environmentally friendly

Information Services (continued)

- Reduced hardware, new technology, and solid state disk storage reduce direct energy and cooling costs

Maintaining fiscal responsibility

- Converged hardware is the foundation for incrementally planned expansion sized for the next annual requirements and allows for opportunity project investment by being easily expanded for growth without investment in technical training or having to oversize and have unused resources
- Cloud subscription services convert large one time capital investments into ongoing operational costs that can be easily expanded or reduced as needed to link cost to usage and provide access to the most current versions of applications without the capital cost spikes associated with upgrading

Enhancing Our Services

- Exchange Online provides for centralized email, retention, discovery, and litigation hold functions that can be easily automated
- Implementing Microsoft Office 365 Government Enterprise cloud solutions provides the City with the latest versions of software and patches by moving technical support tasks to Microsoft; giving City engineers more time to focus on other City support and project needs

Improving Our Communication

- Microsoft Office 365 Enterprise cloud provides greater office and mobile access to storage and sharing applications while increasing the size of email and the number of methods for file sharing available for communicating between our City teams, with our partners, and with our customers

FINANCIAL COMMENTS

Operating costs are funded by departments based on the amount of technology present in each department. This is represented by the amount of equipment each division is using and the complexity associated with the support of those devices.

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Communications and Engagement [730-5145]

ACTIVITY DESCRIPTION

The Communications and Engagement function is coordinated and managed by the Communications and Engagement Manager. The Communications and Engagement Manager serves as the City's Public Information Officer and is responsible for developing and disseminating information about the City's programs, services, policies, events, and major initiatives. This position is also responsible for administering the oversight and coordination of all external and internal communications and provides support and direction for community outreach efforts.

Over the past few years the City Council has increased the level of resources to ensure its commitment and expectation for high quality and continuously improving communication and engagement can be met. Building upon the extensive communication/engagement work that was done for the Downtown Investment Strategy projects and our increasing use of social media we recognize we can continue to improve.

A key tool for focusing efforts on improved communication will be the communication assessment performed by an outside consulting firm in early FY 16-17. We anticipate the findings of this assessment will guide us in potential enhancements to be made in both FY 16-17 and FY 17-18, including the possibility of additional resources for overall web and social media management and resources for project based consulting services as needed.

FY 15-16 ACCOMPLISHMENTS

- Continued with extensive community outreach efforts for the Downtown Placemaking Investment Strategy, including the Complete Streets Pilot Project
- Provided coordination of communication and outreach efforts for the water/wastewater Proposition 218 rate process
- Provided support for extensive community outreach related to the community's quality of life service priorities and the funding of these priority services
- Developed and launched website mobile application
- Continued effective use of social media and digital civic engagement technologies
- Purchased and implemented the use of Siteimprove Web Governance Suite, a web based tool to allow for ease and enhanced ability to maintain, monitor, and optimize the city website and improve the user experience
- Purchased the equipment and license needed to remotely update and format the monitors in the lobby at City Hall and the Council Chamber. This enhancement will allow the monitors to be updated remotely improving the timeliness of the information posted and cutting down the amount of staff time to make the updates in half. The enhancements will allow the 2 monitors to promote upcoming meetings, events, promotions, recruitments, etc.

ACTIVITY GOALS

FY 16-17 and 17-18

- Continue to provide support for extensive community outreach related to the community's quality of life service priorities and the funding of services (including survey in July 2016)

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Communications and Engagement [730-5145]

Expenditure Details		14-15	15-16	15-16	16-17	17-18
Object	Description	Actual	Amended	Year End Projection	Recommended	Recommended
41100	SALARIES - GENERAL	-	120,396	120,529	140,953	152,462
41271	SALARIES - PART-TIME TEMP	-	18,639	27,047	27,422	27,970
41320	EARNED LEAVE LIABILITY	-	3,330	3,330	3,420	3,557
41620	RETIREMENT - GENERAL	-	22,798	21,550	25,563	28,422
41690	DEFERRED COMPENSATION	-	2,408	2,040	2,819	3,049
41700	GROUP INSURANCE	-	7,559	7,070	7,541	7,912
41701	MEDICARE	-	2,033	1,846	1,798	1,955
41701	MEDICARE PTT AND OT	-	-	392	398	406
41730	INCOME PROTECTION INS	-	998	1,321	1,321	1,321
41760	WORKERS COMP	-	6,482	3,459	3,524	3,812
41760	WORKERS COMP PTT AND OT	-	-	676	686	699
41799	BENEFITS	-	1,200	1,154	1,224	1,224
Salaries Total		-	185,843	190,414	216,668	232,789
42214	TELEPHONE	-	-	2,000	2,000	2,000
42231	CONTRACT SERVICES	-	25,800	25,500	40,000	40,800
42246	COMPUTER SOFTWARE-NON CAPITAL	-	600	600	1,200	1,224
42248	OTHER SUPPLIES	-	-	-	8,754	-
42250	ADVERTISING	-	2,500	100	500	510
42251	MARKETING/PROMOTIONS	-	27,500	35,529	32,000	32,000
42252	PHOTOCOPYING	-	500	-	-	-
42257	PRINTING	-	5,000	5,000	5,000	5,100
42261	AUTO MILEAGE	-	500	500	500	510
42299	OTHER EXPENSE	-	8,000	2,000	5,000	5,100
42408	TRAINING & EDUCATION	-	500	200	500	510
42415	CONFERENCE & MEETINGS	-	5,500	3,145	6,500	6,630
42423	MEMBERSHIP & DUES	-	440	450	450	459
Supplies Total		-	76,840	75,024	102,404	94,843
45003	GENERAL LIABILITY INSURANCE	-	-	-	2,779	3,057
45004	BUILDING MAINT - CURRENT SERVICES	-	-	-	6,573	6,324
Internal Services Total		-	-	-	9,352	9,381
49241	TRANSFER OUT-BOND/DEBT	-	-	-	1,047	1,206
49321	TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	2,560	2,560	3,101	1,550
Transfer Total		-	2,560	2,560	4,148	2,756
5145 - Communications and Engagement Total		-	265,243	267,998	332,572	339,769

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Building Maintenance - Community and Cultural Center (continued)

Expenditure Details		14-15	15-16	15-16	16-17	17-18
Object	Description	Actual	Amended	Year End Projection	Recommended	Recommended
41100	SALARIES - GENERAL	100,385	100,709	103,793	107,903	111,631
41270	SALARIES - PART-TIME	25,097	-	963	-	-
41320	EARNED LEAVE LIABILITY	5,312	3,199	3,199	2,958	3,076
41490	OVERTIME - GENERAL	968	500	2,500	3,000	3,000
41620	RETIREMENT - GENERAL	21,997	17,971	18,701	19,569	20,810
41690	DEFERRED COMPENSATION	2,566	1,782	2,181	2,179	2,253
41700	GROUP INSURANCE	15,326	14,249	17,175	21,379	22,449
41701	MEDICARE	1,742	1,469	1,557	1,398	1,462
41730	INCOME PROTECTION INS	1,544	1,018	1,140	1,165	1,165
41760	WORKERS COMP	3,183	5,048	5,307	2,698	2,791
41799	BENEFITS	120	120	149	166	166
Salaries Total		178,240	146,065	156,665	162,415	168,803
42208	ELECTRIC	86,053	105,000	105,000	110,250	115,000
42210	WATER/SEWER	14,231	25,000	14,000	16,500	17,000
42214	TELEPHONE	-	-	-	-	-
42230	SPECIAL COUNSEL	-	-	1,193	-	-
42231	CONTRACT SERVICES	272,284	130,082	130,082	140,735	133,550
42248	OTHER SUPPLIES	19,840	19,055	18,670	19,500	19,890
42262	CHEMICALS	-	1,500	-	2,000	2,040
42510	MAINT - BLDGS/IMPROVEMENTS	121,332	324,748	157,033	73,000	90,000
42526	MAINT - AUTO/TRUCKS	1,107	-	112	-	-
Supplies Total		514,846	605,385	426,090	361,985	377,480
43825	MACHINERY/EQUIPMENT	16,980	-	-	4,000	-
Capital Total		16,980	-	-	4,000	-
44990	PRINCIPAL	17,838	8,173	8,822	8,255	8,338
44991	INTEREST	376	294	294	212	129
Debt Total		18,214	8,468	9,116	8,468	8,468
45003	GENERAL LIABILITY INSURANCE	28,524	28,289	28,289	20,846	22,931
Internal Services Total		28,524	28,289	28,289	20,846	22,931
49321	TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	3,059	3,059	3,736	1,868
Transfer Total		-	3,059	3,059	3,736	1,868
2115 - Community & Cultural Center Total		756,804	791,265	623,219	561,450	579,555

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Building Maintenance - Aquatics Center (continued)

Expenditure Details		14-15	15-16	15-16	16-17	17-18
Object	Description	Actual	Amended	Year End Projection	Recommended	Recommended
41100	SALARIES - GENERAL	102,344	102,663	105,723	109,862	113,590
41320	EARNED LEAVE LIABILITY	4,388	4,218	4,218	3,849	4,002
41490	OVERTIME - GENERAL	3,255	1,125	1,125	1,500	1,575
41620	RETIREMENT - GENERAL	17,908	18,319	18,882	19,925	21,175
41690	DEFERRED COMPENSATION	2,085	1,821	2,163	2,179	2,253
41700	GROUP INSURANCE	20,273	20,816	20,654	23,692	24,867
41701	MEDICARE	1,393	1,507	1,552	1,435	1,501
41730	INCOME PROTECTION INS	1,125	1,018	1,142	1,166	1,166
41760	WORKERS COMP	2,619	5,161	5,322	2,747	2,840
41799	BENEFITS	120	120	149	166	166
Total		155,510	156,768	160,929	166,521	173,135
42208	ELECTRIC	180,494	180,000	165,000	180,000	190,000
42210	WATER/SEWER	25,254	36,040	24,000	27,500	28,750
42214	TELEPHONE	-	-	640	-	-
42230	SPECIAL COUNSEL	-	-	1,143	-	-
42231	CONTRACT SERVICES	117,602	111,280	111,280	122,618	125,070
42248	OTHER SUPPLIES	37,924	36,600	36,600	37,750	38,505
42262	CHEMICALS	105,805	115,000	115,000	115,000	118,450
42281	SMALL TOOLS	11	1,000	1,454	1,000	1,000
42408	TRAINING & EDUCATION	230	-	-	-	-
42510	MAINT - BLDGS/IMPROVEMENTS	135,961	151,243	93,850	87,500	73,500
Supplies Total		603,281	631,163	548,967	571,368	575,275
43825	MACHINERY/EQUIPMENT	5,000	9,000	9,000	13,270	-
Capital Total		5,000	9,000	9,000	13,270	-
45003	GENERAL LIABILITY INSURANCE	7,152	7,612	7,612	6,813	7,494
Internal Services Total		7,152	7,612	7,612	6,813	7,494
49321	TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	3,059	3,059	3,736	1,868
Transfer Total		-	3,059	3,059	3,736	1,868
2120 - Aquatics Center Total		770,943	807,602	729,567	761,708	757,773

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Building Maintenance - CRC (continued)

FINANCIAL COMMENTS

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems. The Recreation and Community Services Department staff is responsible for day-to-day operations of the Centennial Recreation Center.

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Building Maintenance - Police Station [740-3225]

ACTIVITY DESCRIPTION

The Police Department is responsible for all preventive maintenance, major repairs, and future replacement schedules for the Police Station.

FY 15-16 ACCOMPLISHMENTS

- Installed fencing around back lot/storage area
- On-going maintenance and repair of the security system and garage door operators

ACTIVITY GOALS

FY 16-17

- Replace carpeting within the facility
- Coordinate with Information Services to increase DVR storage
- Upgrade server room with redundant UPS power supply

FINANCIAL COMMENTS

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems.

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Building Maintenance - Civic Center Campus (City Hall/Development Services Center) **[740-5155]**

ACTIVITY DESCRIPTION

The Community Services Department is responsible for all major repairs, preventive maintenance, capital improvements and future replacement schedules for the Civic Center Campus. The campus includes the Council Chamber Building, City Hall/Development Services Center, Villas, and the Outdoor Grounds.

FY 15-16 ACCOMPLISHMENTS

- Provided maintenance and janitorial service to newly renovated Council Chambers Building

ACTIVITY GOALS

FY 16-17 and 17-18

- Maximize workspace through cubicle and storage redesign

FINANCIAL COMMENTS

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems.

Services Center) (continued)

Expenditure Details		14-15	15-16	15-16	16-17	17-18
Object	Description	Actual	Amended	Year End Projection	Recommended	Recommended
41100	SALARIES - GENERAL	25,540	38,735	26,513	29,038	30,511
41270	SALARIES - PART-TIME	-	-	12,444	13,105	13,417
41320	EARNED LEAVE LIABILITY	2,139	2,902	2,902	1,975	2,054
41490	OVERTIME - GENERAL	138	-	-	-	-
41620	RETIREMENT - GENERAL	4,453	6,912	6,960	7,643	8,189
41690	DEFERRED COMPENSATION	490	775	743	614	614
41700	GROUP INSURANCE	2,364	3,344	3,271	4,290	4,390
41701	MEDICARE	285	562	565	617	642
41730	INCOME PROTECTION INS	330	1,070	549	633	633
41760	WORKERS COMP	645	1,937	1,948	1,054	1,098
Salaries Total		36,385	56,237	55,895	58,969	61,548
42208	ELECTRIC	43,019	40,000	40,000	42,320	43,166
42210	WATER/SEWER	1,821	3,000	1,900	2,125	2,168
42231	CONTRACT SERVICES	32,302	26,500	26,499	27,543	28,094
42248	OTHER SUPPLIES	13,887	12,500	15,000	15,450	15,759
42281	SMALL TOOLS	-	-	68	-	-
42510	MAINT - BLDGS/IMPROVEMENTS	12,070	26,000	50,000	45,000	25,000
Supplies Total		103,098	108,000	133,467	132,438	114,187
43825	MACHINERY/EQUIPMENT	-	-	1,060	4,000	-
Capital Total		-	-	1,060	4,000	-
45003	GENERAL LIABILITY INSURANCE	5,845	6,562	6,562	5,479	6,027
Internal Services Total		5,845	6,562	6,562	5,479	6,027
49321	TRANSFER OUT - EMPLOYEE BENEFITS FUND	-	1,728	1,728	2,217	1,109
Transfer Total		-	1,728	1,728	2,217	1,109
5155 - Building Maintenance - Civic Center Campus (City Hall/Development Services Center) Total		145,328	172,527	198,713	203,103	182,870

Building Maintenance – Friendly Inn [740-5165]

ACTIVITY DESCRIPTION

Renovation of the City's Friendly Inn Non-Profit Service Center was completed in FY 09-10. The City Council has approved tenancy for a number of non-profit organizations, including the Silicon Valley Chapter of the American Red Cross, Morgan Hill Home Group of Narcotics Anonymous, Advent Ministries, Work2Future, Healthier Kids Foundation, and TeenForce.

The Community Services Department is responsible for the general maintenance, upkeep, lighting, cleaning, repairs to interior improvements including, but not limited to custodial, electrical, and plumbing services.

FY 15-16 ACCOMPLISHMENTS

- Maintain collaborative relationship with all Friendly Inn tenants
- Repainted areas within the facility

ACTIVITY GOALS

FY 16-17

- Repaint designated areas of the facility

FY 17-18

- Replace flooring in the meeting room

FINANCIAL COMMENTS

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems. The Community Services Department serves as the agent of the City in the collection, crediting and payment of all fees, charges, expenses and costs necessary for the operation of the Friendly Inn Non-Profit Service Center.

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Building Maintenance - Corporation Yard [740-5715]

ACTIVITY DESCRIPTION

The Community Services Department is responsible for all major repairs, preventive maintenance, capital improvements and future replacement schedules at the Corporation Yard.

FY 15-16 ACCOMPLISHMENTS

- Interior/Exterior Painting

ACTIVITY GOALS

FY 16-17

- Modernize restrooms and replace counters

FY 17-18

- Repair termite damage
- Construct metal building to cover bins

FINANCIAL COMMENTS

The Building Maintenance Fund is an Internal Service Fund that recovers the cost of maintaining City facilities by charging the departments that use those facilities. An additional fee is charged for the scheduled future replacement of major building equipment, such as mechanical systems.

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Unemployment Insurance [760-8230]

ACTIVITY DESCRIPTION

Human Resources manages the unemployment insurance activity and budget. Working in conjunction with the State Employment Development Department, Human Resources evaluates claims for benefits in an effort to manage the City's liability in this area. The Unemployment Insurance program (UI) pays benefits to previous City employees who have lost their job and meet the program's eligibility requirements.

The City has chosen the self-insured method as the most cost-effective way to manage the City's unemployment insurance costs; the City reimburses the State for actual costs incurred for the payment of UI benefits. The State bills the City quarterly, however, payment to the qualified former employee actually precedes the City's reimbursement to the State.

FINANCIAL COMMENTS

The City will continue to be challenged with unemployment claim charges due partly to seasonal and temporary employees filing for unemployment once their temporary assignment has ended and they are separated from employment with the City. The weekly unemployment insurance benefit amounts range from a minimum of \$40 to a maximum of \$450, depending on the claimant's past quarterly earnings. The maximum amount of UI benefits payable to a claimant during a regular benefit year is 26 times the claimant's weekly benefit amount or one-half of the total base period earnings, whichever is less. The benefit year is a 52-week period starting on the effective date of a new UI claim.

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Workers' Compensation [770-8220]

DIVISION DESCRIPTION

The Human Resources Division serves as the City's Workers Compensation Program Manager and is responsible for managing the City's workers' compensation program and Third Party Administrator (TPA), who handles the day-to-day workers' compensation claim administration. The Human Resources team coordinates all aspects of the workers' compensation program with the TPA. This includes reporting of injuries; providing lost time and salary information; training for managers, supervisors, and other employees; early return to work programs; claimant service evaluations; and maintenance of the City's medical, exposures, and workers' compensation claims files.

The City of Morgan Hill is currently a member of the Local Agency Workers' Compensation Excess joint powers authority (LAWCX) for the purpose of obtaining and pooling excess workers' compensation coverage. Under this arrangement, the City maintains a self-insured retention of \$250,000 of each claim and excess coverage with statutory limits, up to \$5,000,000.

As a result of an actuarial review of the City's self-insured workers' compensation program in FY 13-14 it was recommended that workers' compensation benefits (replacement salary/wages) for each affected employee be paid by their home department's operating budget—just as if the employee were still earning salary/wages for time actually worked. Since FY 14-15 this recommendation has been included in the budget to avoid the illusion of salary savings versus budget in operating departments that happen to have significant absences from work due to job-related injuries or illness.

FY 15-16 ACCOMPLISHMENTS

- Partnered with the City of Gilroy to jointly solicit proposals from qualified Third Party Administrators (TPA) for the administration of our self-insured workers' compensation program, with the goal to choose a TPA for a 2-year contract (FY16-17, FY 17-18)
- Offered ergonomic evaluations to new employees and to employees who changed workstations
- Met quarterly with TPA to review open claims, status to date, and action plan
- Included medical-only claims in cost projections and tracking to better reflect workers' compensation costs
- As of March 31, 2016, successfully resolved and closed eleven open indemnity claims

ACTIVITY GOALS

FY 16-17 and FY 17-18

- Partner with TPA to conduct a training for supervisors and managers on workers' compensation procedures
- Continue to conduct preventive ergonomic evaluations for new employees and for employees who change workstations
- Maintain an assertive position in monitoring the activities of the TPA to close cases as soon as appropriate
- Continue to develop further strategies to reduce costs
- Meet quarterly with TPA to review open claims, status to date, and action plan
- Meet annually with TPA for a program review of the fiscal year activity

CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL •

The City shall make every effort to maintain a minimum reserve level for workers' compensation equal to the sum of twice the self-insured amount for a single claim (\$500,000). The estimated future reserves as of March 31, 2016 is \$916,316 compared to \$1,130,215 on June 30, 2015. The reserve fund was impacted primarily by one settlement, costing \$135,000. Workers' compensation claims through March 31, 2016 total \$384,523 compared to \$622,970 paid in the same period the prior year (July 1, 2015 - March 31, 2015). As of March 31, 2016, the City has a total of 6 new claims in FY 15-16 (medical only and indemnity) whereas in FY 14-15, there were a total of 19 new claims.

The City is also exploring the option of implementing a volunteer firefighter program, which would require that the volunteers have workers' compensation coverage. Any indemnity payments for volunteer firefighters would impact the City's projected loss data and assessments from the Department of Industrial Relations, which may increase the City's workers' compensation costs.

Workers' Compensation (continued)

Expenditure Details		14-15	15-16	15-16	16-17	17-18
Object	Description	Actual	Amended	Year End Projection	Recommended	Recommended
42221	INSURANCE PREMIUMS	228,501	276,000	276,000	289,800	295,596
42231	CONTRACT SERVICES	35,960	37,039	41,289	38,148	38,911
42261	AUTO MILEAGE	-	67	-	-	-
42299	OTHER EXPENSE	2,985	15,000	8,114	15,000	15,300
42415	CONFERENCE & MEETINGS	-	64	-	-	-
42435	SUBSCRIPTION & PUBLICATIONS	-	400	74	-	-
42545	CLAIMS - WORKER'S COMP	360,757	720,000	350,000	450,000	459,000
Supplies Total		628,203	1,048,570	675,477	792,948	808,807
8220 - Workers' Comp Total		628,203	1,048,570	675,477	792,948	808,807

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• CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18

Equipment Replacement (continued)

Expenditure Details		14-15	15-16	15-16	16-17	17-18
Object	Description	Actual	Amended	Year End Projection	Recommended	Recommended
43825	MACHINERY/EQUIPMENT	200,153	1,176,020	744,571	624,971	124,971
43830	AUTO/TRUCKS	477,666	804,735	804,735	536,598	450,140
Capital Total		677,819	1,980,755	1,549,306	1,161,569	575,111
44991	INTEREST	2,333	-	-	-	-
44994	LEASE PAYMENTS	15,072	17,406	17,455	-	-
Debt Total		17,405	17,406	17,455	-	-
8500 - Equipment Replacement Total		695,224	1,998,161	1,566,761	1,161,569	575,111

CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL

Since FY 10-11, the Employee Benefits Fund (EBF) has captured, in one place, the City's liability for leave which has been earned, but not taken. The purpose of EBF is to remove from operating department budgets the expenditure spikes caused by payouts of vacation and other leave earned but not taken, thus dampening the effects on operating department budgets of the inherently episodic nature of leave payouts to employees exiting the City workforce.

In addition to compensated absences, the City began to set aside funds related to Other Post Employment Benefits (OPEB) and “PERS Stabilization Account”. OPEB benefits consist of only the legally required contribution to a retiree’s health insurance, currently at \$106.25 per month per retiree. The City’s unfunded liability for OPEB is estimated at \$2.3 million. The City began to set aside funds related to OPEB in FY14-15 with an initial funding of \$110,000 and additional funding of \$270,000 in FY 15-16. The Recommended Biennial Budget proposes an annual funding from all funds of \$300,000 to help fund future benefits. In addition, the Budget also recommends an additional funding of \$300,000 in FY 16-17 to its “PERS Stabilization Account” that could be used to mitigate unpredictable PERS rate increases and prepayment of unfunded pension obligations.

Expenditure Details		14-15	15-16	15-16	16-17	17-18
Object	Description	Actual	Amended	Year End Projection	Recommended	Recommended
41320	EARNED LEAVE LIABILITY	548,274	412,000	516,400	537,056	558,538
	Salaries Total	548,274	412,000	516,400	537,056	558,538
2610 -	Employee Assistance Total	548,274	412,000	516,400	537,056	558,538

CITY OF MORGAN HILL • FY 16-17 AND 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL
CITY OF MORGAN HILL • FY 16-17 AND 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL
CITY OF MORGAN HILL • FY 16-17 AND 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL

General Liability (continued)

Planning our community

- Enhance ADA accessibility at public facilities
- Installation of “Gold Fine” gravel to aid ADA access at the Community Garden

Preserving and cultivating public trust

- The City will continue to work with the ABAG PLAN Risk Control Consultant to implement best practices and procedures for risk management, and will meet or exceed the minimum risk management program threshold ABAG PLAN has set for member cities

Maintaining fiscal responsibility

- City operations will continue to emphasize safety issues and best business practices to minimize situations that cause insurance claims

FY 17-18

Enhancing public safety

- Revise/update Sidewalk maintenance program standard operating procedure (SOP)

Preserving and cultivating public trust

- Revise/update Emergency Action Plan (SOP)

Protecting the environment

- Revise/update sewer/storm drain management program (SOP)

FINANCIAL COMMENTS

The City manages its risk through a shared pool of liability coverage with other similar legal entities through the ABAG PLAN. This enhances efficiency as ABAG is very familiar with the types of issues that confront local governments and the appropriate response to these situations. The fiscal policy of the City is to maintain a minimum reserve level for general liability equal to four times the City's self-insured retention amount for general liability claims, of which minimum reserve level equals \$400,000. The City currently maintains approximately \$575,000 in available assets within the General Liability internal service fund to cover its self-insured retentions for claims related to general liability and property damage, of which the amount equals approximately 144% of the reserve policy level for this fund.

CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL •

• CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 16-17 and 17-18

